

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2122

(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 15-481, Arizona Revised Statutes, is amended to
3 read:

4 15-481. Override election; budget increases; notice; ballot;
5 effect

6 A. If a proposed budget of a school district exceeds the aggregate
7 budget limit for the budget year, at least ninety days before the proposed
8 election the governing board shall order an override election to be held on
9 the first Tuesday following the first Monday in November as prescribed by
10 section 16-204, subsection B, paragraph 1, subdivision (d) for the purpose of
11 presenting the proposed budget to the qualified electors of the school
12 district who ~~shall~~ by a majority of those voting either **SHALL** affirm or
13 reject the budget. In addition, the governing board shall prepare an
14 alternate budget which does not include an increase in the budget of more
15 than the amount permitted as provided in section 15-905. If the qualified
16 electors approve the proposed budget, the governing board of the school
17 district shall follow the procedures prescribed in section 15-905 for
18 adopting a budget that includes the authorized increase. If the qualified
19 electors disapprove the proposed budget, the governing board shall follow the
20 procedures prescribed in section 15-905 for adopting a budget that does not
21 include the proposed increase or the portion of the proposed increase that
22 exceeds the amount authorized by a previously approved budget increase as
23 prescribed in subsection P of this section.

24 B. The county school superintendent shall prepare an informational
25 report on the proposed increase in the budget and a sample ballot and, at
26 least forty days prior to the election, shall transmit the report and the
27 sample ballot to the governing board of the school district. The governing
28 board, upon receipt of the report and the ballot, shall mail or distribute
29 the report and the ballot to the households in which qualified electors
30 reside within the school district at least thirty-five days prior to the
31 election. Any distribution of material concerning the proposed increase in

1 the budget shall not be conducted by children enrolled in the school
2 district. The report shall contain the following information:

3 1. The date of the election.
4 2. The voter's polling place and the times it is open.
5 3. The proposed total increase in the budget which exceeds the amount
6 permitted pursuant to section 15-905.

7 4. The total amount of the current year's budget, the total amount of
8 the proposed budget and the total amount of the alternate budget.

9 5. If the override is for a period of more than one year, a statement
10 indicating the number of years the proposed increase in the budget would be
11 in effect and the percentage of the school district's revenue control limit
12 that the district is requesting for the future years.

13 6. The proposed total amount of revenues which will fund the increase
14 in the budget and the amount which will be obtained from a levy of taxes upon
15 the taxable property within the school district for the first year for which
16 the budget increase was adopted.

17 7. The proposed amount of revenues which will fund the increase in the
18 budget and which will be obtained from other than a levy of taxes upon the
19 taxable property within the school district for the first year for which the
20 budget increase was adopted.

21 8. The dollar amount and the purpose for which the proposed increase
22 in the budget is to be expended for the first year for which the budget
23 increase was adopted.

24 9. At least two arguments, if submitted, but no more than ten
25 arguments for and two arguments, if submitted, but no more than ten arguments
26 against the proposed increase in the budget. The arguments shall be in a
27 form prescribed by the county school superintendent, and each argument shall
28 not exceed two hundred words. Arguments for the proposed increase in the
29 budget shall be provided in writing and signed by the governing board. If
30 submitted, additional arguments in favor of the proposed increase in the
31 budget shall be provided in writing and signed by those in favor. Arguments
32 against the proposed increase in the budget shall be provided in writing and
33 signed by those in opposition. The names of those persons other than the
34 governing board or superintendent submitting written arguments shall not be
35 included in the report without their specific permission, but shall be made
36 available only upon request to the county school superintendent. The county
37 school superintendent shall review all factual statements contained in the

1 written arguments and correct any inaccurate statements of fact. The
2 superintendent shall not review and correct any portion of the written
3 arguments which are identified as statements of the author's opinion. The
4 county school superintendent shall make the written arguments available to
5 the public as provided in title 39, chapter 1, article 2. A deadline for
6 submitting arguments to be included in the informational report shall be set
7 by the county school superintendent.

8 10. A statement that the alternate budget shall be adopted by the
9 governing board if the proposed budget is not adopted by the qualified
10 electors of the school district.

11 11. The full cash value, the assessed valuation, the first year tax
12 rate for the proposed override and the estimated amount of the secondary
13 property taxes if the proposed budget is adopted for each of the following:

14 (a) An owner-occupied residence whose assessed valuation is the
15 average assessed valuation of property classified as class three, as
16 prescribed by section 42-12003 for the current year in the school district.

17 (b) An owner-occupied residence whose assessed valuation is one-half
18 of the assessed valuation of the residence in subdivision (a) of this
19 paragraph.

20 (c) An owner-occupied residence whose assessed valuation is twice the
21 assessed valuation of the residence in subdivision (a) of this paragraph.

22 (d) A business whose assessed valuation is the average of the assessed
23 valuation of property classified as class one, as prescribed by section
24 42-12001, paragraphs 12 and 13 for the current year in the school district.

25 12. If the election is conducted pursuant to subsection L or M of this
26 section, the following information:

27 (a) An executive summary of the school district's most recent capital
28 improvement plan submitted to the school facilities board.

29 (b) A complete list of each proposed capital improvement that will be
30 funded with the budget increase and a description of the proposed cost of
31 each improvement, including a separate aggregation of capital improvements
32 for administrative purposes as defined by the school facilities board.

33 (c) The tax rate associated with each of the proposed capital
34 improvements and the estimated cost of each capital improvement for the owner
35 of a single family home that is valued at eighty thousand dollars.

36 C. For the purpose of this section, the school district may use its
37 staff, equipment, materials, buildings or other resources only to distribute

1 the informational report at the school district office or at public hearings
2 and to produce such information as required in subsection B of this section,
3 provided that nothing in this subsection shall preclude school districts from
4 holding or participating in any public hearings at which testimony is given
5 by at least one person for the proposed increase and one person against the
6 proposed increase. Any written information provided by the district
7 pertaining to the override election shall include financial information
8 showing the estimated first year tax rate for the proposed budget override
9 amount.

10 D. If any amount of the proposed increase will be funded by a levy of
11 taxes in the district, the election prescribed in subsection A of this
12 section shall be held on the first Tuesday following the first Monday in
13 November as prescribed by section 16-204, subsection B, paragraph 1,
14 subdivision (d). If the proposed increase will be fully funded by revenues
15 from other than a levy of taxes, the elections prescribed in subsection A of
16 this section shall be held on any date prescribed by section 16-204. The
17 elections shall be conducted as nearly as practicable in the manner
18 prescribed in article 1 of this chapter, sections 15-422 through 15-424 and
19 section 15-426, relating to special elections, except that:

20 1. The notices required pursuant to section 15-403 shall be posted not
21 less than twenty-five days before the election.

22 2. Ballots shall be counted pursuant to title 16, chapter 4,
23 article 10.

24 E. If the election is to exceed the revenue control limit and if the
25 proposed increase will be fully funded by a levy of taxes upon the taxable
26 property within the school district, the ballot shall contain the words
27 "budget increase, yes" and "budget increase, no", and the voter shall signify
28 his desired choice. The ballot shall also contain the amount of the proposed
29 increase of the proposed budget over the alternate budget, a statement that
30 the amount of the proposed increase will be based on a percentage of the
31 school district's revenue control limit in future years, if applicable, as
32 provided in subsection P of this section and the following statement:

33 Any budget increase authorized by this election shall be
34 entirely funded by a levy of taxes upon the taxable property
35 within this school district for the year for which adopted and
36 for ____ subsequent years, shall not be realized from monies
37 furnished by the state and shall not be subject to the limitation

on taxes specified in article IX, section 18, Constitution of Arizona. Based on an estimate of assessed valuation used for secondary property tax purposes, to fund the proposed increase in the school district's budget would require an estimated tax rate of _____ dollar per one hundred dollars of assessed valuation used for secondary property tax purposes and is in addition to the school district's tax rate which will be levied to fund the school district's revenue control limit allowed by law.

F. If the election is to exceed the revenue control limit and if the proposed increase will be fully funded by revenues from other than a levy of taxes upon the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice. The ballot shall also contain:

1. The amount of the proposed increase of the proposed budget over the alternate budget.

2. A statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, if applicable, as provided in subsection P of this section.

3. The following statement:

Any budget increase authorized by this election shall be entirely funded by this school district with revenues from other than a levy of taxes on the taxable property within the school district for the year for which adopted and for _____ subsequent years and shall not be realized from monies furnished by the state.

G. Except as provided in subsection H of this section, the maximum budget increase which may be requested and authorized as provided in subsection E or F of this section or the combination of subsections E and F of this section is ~~ten~~ FIFTEEN per cent of the revenue control limit as provided in section 15-947, subsection A for the budget year. IF A SCHOOL DISTRICT REQUESTS AN OVERRIDE PURSUANT TO SECTION 15-482 OR TO CONTINUE WITH A BUDGET OVERRIDE PURSUANT TO SECTION 15-482 FOR PUPILS IN KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH THREE THAT WAS AUTHORIZED BEFORE DECEMBER 31, 2008, THE MAXIMUM BUDGET INCREASE THAT MAY BE REQUESTED AND AUTHORIZED AS PROVIDED IN SUBSECTION E OR F OF THIS SECTION OR THE COMBINATION OF

SUBSECTIONS E AND F OF THIS SECTION IS TEN PER CENT OF THE REVENUE CONTROL LIMIT AS PROVIDED IN SECTION 15-947, SUBSECTION A FOR THE BUDGET YEAR.

H. Special budget override provisions for school districts with a student count of less than one hundred fifty-four in kindergarten programs and grades one through eight or with a student count of less than one hundred seventy-six in grades nine through twelve are as follows:

1. The maximum budget increase that may be requested and authorized as provided in subsections E and F of this section is the greater of the amount prescribed in subsection G of this section or a limit computed as follows:

(a) For common or unified districts with a student count of less than one hundred fifty-four in kindergarten programs and grades one through eight, the limit computed as prescribed in item (i) or (ii) of this subdivision, whichever is appropriate:

(i)

Small School	Support Level Weight	Phase Down
Student	Student	for Small Isolated
Reduction		
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u> <u>Base Level</u>
	<u>Factor</u>	
_____	- 125	x 1.358 + (0.0005 x x \$ _____
= \$ _____	(500 - Student Count))	

Small Isolated

Phase Down	Phase Down	School District
<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>
\$150,000	- \$ _____	= \$ _____

(ii)

Small School	Support Level Weight	Phase Down
Student	Student	for Small
Reduction		
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u> <u>Base Level</u>
	<u>Factor</u>	
_____	- 125	x 1.278 + (0.0003 x x \$ _____
= \$ _____	(500 - Student Count))	

Small

Phase Down	Phase Down	School District
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1 Base Reduction Factor Elementary Limit
 2 \$150,000 - \$ _____ = \$ _____

3 (b) For unified or union high school districts with a student count of
 4 less than one hundred seventy-six in grades nine through twelve, the limit
 5 computed as prescribed in item (i) or (ii) of this subdivision, whichever is
 6 appropriate:

7 (i)

8 Small School Support Level Weight Phase Down
 9 Student Student for Small Isolated
 10 Reduction
 11 Count Count Limit School Districts Base Level
 12 Factor
 13 _____ - 100 x1.468 + (0.0005 x x
 14 \$ _____ = \$ _____
 15 (500 - Student Count))

16 Small Isolated

17 Phase Down Phase Down District
 18 Base Reduction Factor Secondary Limit
 19 \$350,000 - \$ _____ = \$ _____

20 (ii)

21 Small School Support Level Weight Phase Down
 22 Student Student for Small
 23 Reduction
 24 Count Count Limit School Districts Base Level
 25 Factor
 26 _____ - 100 x 1.398 + (0.0004 x x \$ _____
 27 = \$ _____
 28 (500 - Student Count))

29 Small

30 Phase Down Phase Down School District
 31 Base Reduction Factor Secondary Limit
 32 \$350,000 - \$ _____ = \$ _____

33 (c) If both subdivisions (a) and (b) of this paragraph apply to a
 34 unified school district, its limit for the purposes of this paragraph is the
 35 combination of its elementary limit and its secondary limit.

36 (d) If only subdivision (a) or (b) of this paragraph applies to a
 37 unified school district, the district's limit for the purposes of this

1 paragraph is the sum of the limit computed as provided in subdivision (a) or
2 (b) of this paragraph plus ten per cent of the revenue control limit
3 attributable to those grade levels that do not meet the eligibility
4 requirements of this subsection. If a school district budgets monies outside
5 the revenue control limit pursuant to section 15-949, subsection E, the
6 district's limit for the purposes of this paragraph is only the ten per cent
7 of the revenue control limit attributable to those grade levels that are not
8 included under section 15-949, subsection E. For the purposes of this
9 subdivision, the revenue control limit is separated into elementary and
10 secondary components based on the weighted student count as provided in
11 section 15-971, subsection B, paragraph 2, subdivision (a).

12 2. If a school district utilizes ~~the provisions of~~ this subsection to
13 request an override of more than one year, the ballot shall include an
14 estimate of the amount of the proposed increase in the future years in place
15 of the statement that the amount of the proposed increase will be based on a
16 percentage of the school district's revenue control limit in future years, as
17 prescribed in subsections E and F of this section.

18 3. Notwithstanding subsection P of this section, the maximum period of
19 an override authorized pursuant to this subsection is five years.

20 4. Subsection P, paragraphs 1 and 2 of this section do not apply to
21 overrides authorized pursuant to this subsection.

22 I. If the election is to exceed the revenue control limit as provided
23 in section 15-482 and if the proposed increase will be fully funded by a levy
24 of taxes on the taxable property within the school district, the ballot shall
25 contain the words "budget increase, yes" and "budget increase, no", and the
26 voter shall signify the voter's desired choice. The ballot shall also
27 contain the amount of the proposed increase of the budget over the alternate
28 budget, a statement that the amount of the proposed increase will be based on
29 a percentage of the school district's revenue control limit in future years,
30 if applicable, as provided in subsection Q of this section, and the following
31 statement:

32 Any budget increase authorized by this election shall be
33 entirely funded by a levy of taxes on the taxable property within
34 this school district for the year for which adopted and for _____
35 subsequent years, shall not be realized from monies furnished by
36 the state and shall not be subject to the limitation on taxes
37 specified in article IX, section 18, Constitution of Arizona.

1 Based on an estimate of assessed valuation used for secondary
2 property tax purposes, to fund the proposed increase in the
3 school district's budget which will be funded by a levy of taxes
4 upon the taxable property within this school district would
5 require an estimated tax rate of _____ dollar per one
6 hundred dollars of assessed valuation used for secondary property
7 tax purposes and is in addition to the school district's tax rate
8 that will be levied to fund the school district's revenue control
9 limit allowed by law.

10 J. If the election is to exceed the revenue control limit as provided
11 in section 15-482 and if the proposed increase will be fully funded by
12 revenues other than a levy of taxes on the taxable property within the school
13 district, the ballot shall contain the words "budget increase, yes" and
14 "budget increase, no", and the voter shall signify the voter's desired
15 choice. The ballot shall also contain the amount of the proposed increase of
16 the proposed budget over the alternate budget, a statement that the amount of
17 the proposed increase will be based on a percentage of the school district's
18 revenue control limit in future years, if applicable, as provided in
19 subsection Q of this section and the following statement:

20 Any budget increase authorized by this election shall be
21 entirely funded by this school district with revenues from other
22 than a levy of taxes on the taxable property within the school
23 district for the year for which adopted and for _____ subsequent
24 years and shall not be realized from monies furnished by the
25 state.

26 K. The maximum budget increase that may be requested and authorized as
27 provided in subsection I or J of this section, or a combination of both of
28 these subsections, is five per cent of the revenue control limit as provided
29 in section 15-947, subsection A for the budget year. For ~~a unified school~~
30 ~~district~~, a common school district not within a high school district or a
31 common school district within a high school district that offers instruction
32 in high school subjects as provided in section 15-447, five per cent of the
33 revenue control limit means five per cent of the revenue control limit
34 attributable to the weighted student count in preschool programs for children
35 with disabilities, kindergarten programs and grades one through eight as
36 provided in section 15-971, subsection B. **FOR A UNIFIED SCHOOL DISTRICT,**
37 **FIVE PER CENT OF THE REVENUE CONTROL LIMIT MEANS FIVE PER CENT OF THE REVENUE**

CONTROL LIMIT ATTRIBUTABLE TO THE WEIGHTED STUDENT COUNT IN PRESCHOOL PROGRAMS FOR CHILDREN WITH DISABILITIES, KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH TWELVE. FOR A UNION HIGH SCHOOL DISTRICT, FIVE PER CENT OF THE REVENUE CONTROL LIMIT MEANS FIVE PER CENT OF THE REVENUE CONTROL LIMIT ATTRIBUTABLE TO THE WEIGHTED STUDENT COUNT IN GRADES NINE THROUGH TWELVE.

L. If the election is to exceed the capital outlay revenue limit and if the proposed increase will be fully funded by a levy of taxes upon the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice. An election held pursuant to this subsection shall be held on the first Tuesday after the first Monday of November. The ballot shall also contain the amount of the proposed increase of the proposed budget over the alternate budget and the following statement:

Any budget increase authorized by this election shall be entirely funded by a levy of taxes upon the taxable property within this school district for the year in which adopted and for _____ subsequent years, shall not be realized from monies furnished by the state and shall not be subject to the limitation on taxes specified in article IX, section 18, Constitution of Arizona. Based on an estimate of assessed valuation used for secondary property tax purposes, to fund the proposed increase in the school district's budget would require an estimated tax rate of _____ dollar per one hundred dollars of assessed valuation used for secondary property tax purposes and is in addition to the school district's tax rate which will be levied to fund the school district's capital outlay revenue limit allowed by law.

M. If the election is to exceed the capital outlay revenue limit and if the proposed increase will be fully funded by revenues from other than a levy of taxes upon the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice. An election held pursuant to this subsection shall be held on the first Tuesday after the first Monday of November. The ballot shall also contain the amount of the proposed increase of the proposed budget over the alternate budget and the following statement:

Any budget increase authorized by this election shall be

1 entirely funded by this school district with revenues from other
2 than a levy of taxes on the taxable property within the school
3 district for the year in which adopted and for _____ subsequent
4 years and shall not be realized from monies furnished by the
5 state.

6 N. If the election is to exceed a combination of the revenue control
7 limit as provided in subsection E or F of this section, the revenue control
8 limit as provided in subsection I or J of this section or the capital outlay
9 revenue limit as provided in subsection L or M of this section, the ballot
10 shall be prepared so that the voters may vote on each proposed increase
11 separately and shall contain statements required in the same manner as if
12 each proposed increase were submitted separately.

13 O. If the election provides for a levy of taxes on the taxable
14 property within the school district, at least thirty days prior to the
15 election, the department of revenue shall provide the school district
16 governing board and the county school superintendent with an estimate of the
17 school district's assessed valuation used for secondary property tax purposes
18 for the ensuing fiscal year. The governing board and the county school
19 superintendent shall use this estimate to translate the amount of the
20 proposed dollar increase in the budget of the school district over that
21 allowed by law into a tax rate figure.

22 P. If the voters in a school district vote to adopt a budget in excess
23 of the revenue control limit as provided in subsection E or F of this
24 section, any additional increase shall be included in the aggregate budget
25 limit for each of the years authorized. Any additional increase shall be
26 excluded from the determination of equalization assistance. The school
27 district governing board ~~may,~~ however, MAY levy on the assessed valuation
28 used for secondary property tax purposes of the property in the school
29 district the additional increase if adopted under subsection E of this
30 section for the period of one year, two years or five through seven years as
31 authorized. If an additional increase is approved as provided in subsection
32 F of this section, the school district governing board may only use revenues
33 derived from the school district's prior year's maintenance and operation
34 fund ending cash balance to fund the additional increase. If a budget
35 increase was previously authorized and will be in effect for the budget year
36 or budget year and subsequent years, as provided in subsection E or F of this
37 section, the governing board may request a new budget increase as provided in

1 the same subsection under which the prior budget increase was adopted, which
2 shall not exceed the maximum amount permitted under subsection G of this
3 section. If the voters in the school district authorize the new budget
4 increase amount, the existing budget increase no longer is in effect. If the
5 voters in the school district do not authorize the budget increase amount,
6 the existing budget increase remains in effect for the time period for which
7 it was authorized. The maximum additional increase authorized as provided in
8 subsection E or F of this section and the additional increase which is
9 included in the aggregate budget limit is based on a percentage of a school
10 district's revenue control limit in future years, if the budget increase is
11 authorized for more than one year. If the additional increase:

12 1. Is for two years, the proposed increase in the second year is equal
13 to the initial proposed percentage increase.

14 2. Is for five years or more, the proposed increase is equal to the
15 initial proposed percentage increase in the following years of the proposed
16 increase, except that in the next to last year it is two-thirds of the
17 initial proposed percentage increase and it is one-third of the initial
18 proposed percentage increase in the last year of the proposed increase.

19 Q. If the voters in a school district vote to adopt a budget in excess
20 of the revenue control limit as provided in subsection I or J of this
21 section, any additional increase shall be included in the aggregate budget
22 limit for each of the years authorized. Any additional increase shall be
23 excluded from the determination of equalization assistance. The school
24 district governing board, however, may levy on the assessed valuation used
25 for secondary property tax purposes of the property in the school district
26 the additional increase if adopted under subsection I of this section for the
27 period of one year, two years or five through seven years as authorized. If
28 an additional increase is approved as provided in subsection J of this
29 section, the increase may only be budgeted and expended if sufficient monies
30 are available in the maintenance and operation fund of the school district.
31 If a budget increase was previously authorized and will be in effect for the
32 budget year or budget year and subsequent years, as provided in subsection I
33 or J of this section, the governing board may request a new budget increase
34 as provided in the same subsection under which the prior budget increase was
35 adopted that does not exceed the maximum amount permitted under subsection K
36 of this section. If the voters in the school district authorize the new
37 budget increase amount, the existing budget increase no longer is in effect.

1 If the voters in the school district do not authorize the budget increase
2 amount, the existing budget increase remains in effect for the time period
3 for which it was authorized. The maximum additional increase authorized as
4 provided in subsection I or J of this section and the additional increase
5 that is included in the aggregate budget limit is based on a percentage of a
6 school district's revenue control limit in future years, if the budget
7 increase is authorized for more than one year. If the additional increase:

8 1. Is for two years, the proposed increase in the second year is equal
9 to the initial proposed percentage increase.

10 2. Is for five years or more, the proposed increase is equal to the
11 initial proposed percentage increase in the following years of the proposed
12 increase, except that in the next to last year it is two-thirds of the
13 initial proposed percentage increase and it is one-third of the initial
14 proposed percentage increase in the last year of the proposed increase.

15 R. If the voters in a school district vote to adopt a budget in excess
16 of the capital outlay revenue limit as provided in subsection L of this
17 section, any additional increase shall be included in the aggregate budget
18 limit for each of the years authorized. The additional increase shall be
19 excluded from the determination of equalization assistance. The school
20 district governing board ~~may~~, however, MAY levy on the assessed valuation
21 used for secondary property tax purposes of the property in the school
22 district the additional increase for the period authorized but not to exceed
23 ten years. For overrides approved by a vote of the qualified electors of the
24 school district at an election held from and after October 31, 1998, the
25 period of the additional increase prescribed in this subsection shall not
26 exceed seven years for any capital override election.

27 S. If the voters in a school district vote to adopt a budget in excess
28 of the capital outlay revenue limit as provided in subsection M of this
29 section, any additional increase shall be included in the aggregate budget
30 limit for each of the years authorized. The additional increase shall be
31 excluded from the determination of equalization assistance. The school
32 district governing board may only use revenues derived from the school
33 district's prior year's maintenance and operation fund ending cash balance
34 and capital outlay fund ending cash balance to fund the additional increase
35 for the period authorized but not to exceed ten years. For overrides
36 approved by a vote of the qualified electors of the school district at an
37 election held from and after October 31, 1998, the period of the additional

1 increase prescribed in this subsection shall not exceed seven years for any
2 capital override election.

3 T. In addition to subsections P and S of this section, from the
4 maintenance and operation fund and capital outlay fund ending cash balances,
5 the school district governing board shall first use any available revenues to
6 reduce its primary tax rate to zero and shall use any remaining revenues to
7 fund the additional increase authorized as provided in subsections F and M of
8 this section.

9 U. If the voters in a school district disapprove the proposed budget,
10 the alternate budget which, except for any budget increase authorized by a
11 prior election, does not include an increase in the budget in excess of the
12 amount provided in section 15-905 shall be adopted by the governing board as
13 provided in section 15-905.

14 V. The governing board may request that any override election be
15 cancelled if any change in chapter 9 of this title changes the amount of the
16 aggregate budget limit as provided in section 15-905. The request to cancel
17 the override election shall be made to the county school superintendent at
18 least ten days prior to the date of the scheduled override election.

19 W. For any election conducted pursuant to subsection L or M of this
20 section:

21 1. The ballot shall include the following statement in addition to any
22 other statement required by this section:

23 The capital improvements that are proposed to be funded
24 through this override election are to exceed the state standards
25 and are in addition to monies provided by the state.

26 _____ school district is proposing to increase its
27 budget by \$_____ to fund capital improvements over and above
28 those funded by the state. Under the students first capital
29 funding system, _____ school district is entitled to state
30 monies for building renewal, new construction and renovation of
31 school buildings in accordance with state law.

32 2. The ballot shall contain the words "budget increase, yes" and
33 "budget increase, no", and the voter shall signify the voter's desired
34 choice.

35 3. At least eighty-five days before the election, the school district
36 shall submit proposed ballot language to the director of the Arizona
37 legislative council. The director of the Arizona legislative council shall

1 review the proposed ballot language to determine whether the proposed ballot
2 language complies with this section. If the director of the Arizona
3 legislative council determines that the proposed ballot language does not
4 comply with this section, the director, within ten calendar days of the
5 receipt of the proposed ballot language, shall notify the school district of
6 the director's objections and the school district shall resubmit revised
7 ballot language to the director for approval.

8 X. If the voters approve the budget increase pursuant to subsection L
9 or M of this section, the school district shall not use the override proceeds
10 for any purposes other than the proposed capital improvements listed in the
11 publicity pamphlet, except that up to ten per cent of the override proceeds
12 may be used for general capital expenses, including cost overruns of proposed
13 capital improvements.

14 Y. Each school district that currently increases its budget pursuant
15 to subsection L or M of this section is required to hold a public meeting
16 each year between September 1 and October 31 at which an update of the
17 progress of capital improvements financed through the override is discussed
18 and at which the public is permitted an opportunity to comment. At a
19 minimum, the update shall include a comparison of the current status and the
20 original projections on the construction of capital improvements, the costs
21 of capital improvements and the costs of capital improvements in progress or
22 completed since the prior meeting and the future capital plans of the school
23 district. The school district shall include in the public meeting a
24 discussion of the school district's use of state capital aid and
25 voter-approved bonding in funding capital improvements, if any.

26 Z. If a budget in excess of the capital outlay revenue limit was
27 previously adopted by the voters in a school district and will be in effect
28 for the budget year or budget year and subsequent years, as provided in
29 subsection L or M of this section, the governing board may request an
30 additional budget in excess of the capital outlay revenue limit. If the
31 voters in a school district authorize the additional budget in excess of the
32 capital outlay revenue limit, the existing capital outlay revenue limit
33 budget increase remains in effect.

34 Sec. 2. Section 15-482, Arizona Revised Statutes, is amended to read:

35 15-482. Special five per cent override for programs of pupils
36 in kindergarten programs and grades one through
37 twelve

1 A. An additional budget increase may be requested and authorized as
2 provided in section 15-481, subsections I and J of up to five per cent of the
3 revenue control limit as provided in subsection B of this section. ~~if the~~
4 ~~following conditions are met:~~

5 ~~1. The school district uses a task force of educators and other~~
6 ~~persons to develop a special program designed to improve the academic~~
7 ~~achievement of low achieving pupils in kindergarten programs and grades one~~
8 ~~through three, with the goal that all pupils capable of doing so will learn~~
9 ~~the basic skills necessary for fourth grade work by the end of the third~~
10 ~~grade.~~

11 ~~2. The amount of the proposed budget increase as provided in~~
12 ~~subsection B of this section is for use for the special program and is to~~
13 ~~supplement, not supplant, programs for pupils in kindergarten programs and~~
14 ~~grades one through three which were in existence prior to the budget~~
15 ~~increase, unless in the fiscal year prior to the fiscal year of the proposed~~
16 ~~budget increase special programs for pupils in kindergarten programs and~~
17 ~~grades one through three were in existence and were funded with proceeds from~~
18 ~~the sale or lease of school property, as provided in section 15-1102.~~

19 B. The maximum amount of the budget increase requested and authorized
20 shall not exceed the budgeted expenditures of the proposed special program
21 for each fiscal year, not to exceed a total of five per cent of the revenue
22 control limit for each fiscal year. ~~For a unified school district, a common~~
23 ~~school district not within a high school district or a common school district~~
24 ~~within a high school district that offers instruction in high school subjects~~
25 ~~as provided in section 15-447, five per cent of the revenue control limit~~
26 ~~means five per cent of the revenue control limit attributable to the weighted~~
27 ~~student count in preschool programs for children with disabilities,~~
28 ~~kindergarten programs and grades one through eight as provided in section~~
29 ~~15-971, subsection B.~~

30 C. For each fiscal year in which a budget increase of up to five per
31 cent of the revenue control limit is authorized as provided in subsection A
32 of this section, the governing board shall:

33 ~~1. Utilize a separate annual special program budget on a form~~
34 ~~prescribed by the auditor general in conjunction with the department of~~
35 ~~education. The budget format shall be designed to allow a school district to~~
36 ~~plan and provide in detail for expenditures to be incurred as a result of the~~
37 ~~special program.~~

1 2. Prepare as a part of the school district annual financial report a
2 detailed report of expenditures incurred as a result of the special program,
3 in a format prescribed by the auditor general in conjunction with the
4 department of education, as provided in section 15-904.

5 D. The special program may be designed for any or all of the pupils
6 enrolled in kindergarten programs and grades one through ~~three~~ TWELVE and may
7 involve efforts to remove barriers to academic achievement as well as efforts
8 to improve instruction or increase the amount of instruction. ~~The special~~
9 ~~program, at a minimum, shall focus on pupils who, because of innate factors,~~
10 ~~are not succeeding in the school environment as identified by parents,~~
11 ~~guardians or school personnel. These pupils may include, but are not limited~~
12 ~~to, those who do not qualify for special education services, who have~~
13 ~~measured intelligence quotients of between seventy and eighty five or who~~
14 ~~exhibit characteristics of attention deficit disorder or learning patterns~~
15 ~~attributable to prenatal substance exposure.~~

16 E. During any fiscal year in which proceeds from the sale or lease of
17 school property are used for the maintenance and operation section of the
18 budget as provided in section 15-1102, a budget increase is in effect as
19 provided in section 15-481, subsection E or F, or a budget increase is in
20 effect as provided in this section, or any combination of these conditions
21 occurs, the total amount of the proceeds and increases which may be expended
22 is equal to fifteen per cent of the revenue control limit for that year as
23 provided in section 15-947, subsection A, provided that the following maximum
24 amount is attributable to any one of the conditions:

25 1. Fifteen per cent of the revenue control limit if using the proceeds
26 from the sale or lease of school property for the maintenance and operation
27 section of the budget as provided in section 15-1102.

28 2. ~~Ten~~ FIFTEEN per cent of the revenue control limit if using a budget
29 increase as provided in section 15-481, subsection E or F, or both.

30 3. Five per cent of the revenue control limit if using a budget
31 increase as provided in this section.

32 Sec. 3. Section 15-1102, Arizona Revised Statutes, is amended to read:

33 15-1102. Disposition of proceeds from sale or lease of school
34 property; school plant monies; payment of bonded
35 indebtedness; definition

36 A. The governing board, or the superintendent or chief administrative
37 officer with the approval of the governing board, may expend the proceeds

1 from the sale or lease of school property for the payment of any outstanding
2 bonded indebtedness of the school district or for the reduction of school
3 district taxes.

4 B. A common school district or high school district which has an
5 outstanding bonded indebtedness of seven per cent of the current year's
6 assessed valuation or less or a unified school district which has an
7 outstanding bonded indebtedness of fourteen per cent of the current year's
8 assessed valuation or less may expend the proceeds from the sale or lease of
9 school property for maintenance and operation or capital outlay, subject to
10 the following limitations:

11 1. During the period that proceeds from the sale or lease of school
12 property are used for capital outlay, the school district shall not call an
13 override election to exceed the capital outlay revenue limit, except that
14 during the last year of that period the school district may authorize an
15 override election to exceed the capital outlay revenue limit beginning with
16 the following year.

17 2. The total sum of the proceeds from the sale of school property
18 before July 1, 1998 or the lease of school property for more than one year
19 expended for maintenance and operation shall not exceed fifteen per cent of
20 the revenue control limit as provided in section 15-947, subsection A in any
21 year of which ten per cent may be used without voter approval and an
22 additional five per cent may be used if the additional amount is approved by
23 a majority of the qualified electors voting in an election called for such
24 purposes. The election shall be conducted and notice and ballots shall be
25 prepared as provided in section 15-481. Proceeds from the sale of school
26 property from and after June 30, 1998 shall not be expended for maintenance
27 and operation.

28 3. In any fiscal year in which a district utilizes budget increases as
29 authorized in section 15-481, subsection E or F or section 15-482 or utilizes
30 the proceeds from the sale of school property before July 1, 1998 or the
31 lease of school property for more than one year for maintenance and operation
32 or any combination of these provisions, the total amount of these increases
33 which may be expended is equal to fifteen per cent of the revenue control
34 limit for that year as provided in section 15-947, subsection A, provided
35 that the following maximum amount is attributable to the use of any one
36 provision:

1 (a) Fifteen per cent of the revenue control limit when using the
2 proceeds from the sale before July 1, 1998 or lease of school property for
3 maintenance and operation as provided in this section.

4 (b) ~~Ten~~ FIFTEEN per cent of the revenue control limit when using a
5 budget increase as provided in section 15-481, subsection E or F, or both.

6 (c) Five per cent of the revenue control limit when using a budget
7 increase as provided in section 15-482.

8 C. A common school district or high school district which has an
9 outstanding bonded indebtedness of greater than seven per cent of the current
10 year's assessed valuation or a unified school district which has an
11 outstanding bonded indebtedness of greater than fourteen per cent of the
12 current year's assessed valuation may expend the proceeds from the lease or
13 sale of school property as follows:

14 1. For maintenance and operation, the expenditure may not exceed the
15 lesser of the limit in subsection B, paragraph 2 or 3 of this section or the
16 amount of the proceeds from the lease of school property multiplied by .25.

17 2. For capital outlay, the expenditure of the proceeds:

18 (a) From the sale of school property may not exceed the amount of the
19 proceeds multiplied by .62.

20 (b) From the lease of school property is not limited.

21 D. The governing board, or the superintendent or chief administrative
22 officer with the approval of the governing board, shall promptly deposit
23 monies received for and derived from the sale or lease of school property
24 with the county treasurer who shall establish three school plant funds, one
25 fund for monies received from the sale before July 1, 1998 or lease of school
26 property for more than one year, one fund for monies received from the sale
27 of school property from and after June 30, 1998 and one fund for monies
28 received from the lease of school property for one year or less. The county
29 treasurer shall credit the deposits to the respective school plant fund of
30 the respective school district. Monies placed to the credit of the school
31 plant funds may be expended as provided in this section. The school plant
32 funds are continuing funds not subject to reversion.

33 E. Notwithstanding subsection C of this section, the governing board,
34 or the superintendent or chief administrative officer with the approval of
35 the governing board, may expend the proceeds from the sale before July 1,
36 1998 or lease of school property for the additional maintenance and
37 operations expenses incurred as the result of operating on a year-round

1 school year operation basis pursuant to section 15-855. The amount that the
2 governing board, superintendent or chief administrative officer may expend
3 for a year-round school year operation, as provided in this subsection, is
4 limited to the actual maintenance and operations costs incurred as the result
5 of the year-round school year operation as documented in the school
6 district's budget as provided in section 15-855. A governing board,
7 superintendent or chief administrative officer that utilizes ~~the provisions~~
8 ~~of~~ this subsection is subject to all other limitations prescribed in this
9 section regarding the expenditure of proceeds from the sale before July 1,
10 1998 or lease of school property.

11 F. Notwithstanding subsections B and D of this section, if the school
12 district electors approve the sale of school property and the use of the
13 proceeds for the purchase of school sites or the construction, improvement or
14 furnishing of school facilities, the proceeds from the sale shall be put in a
15 separate fund for use for the approved purpose as prescribed by the uniform
16 system of financial records. This fund is a continuing fund not subject to
17 reversion, except that after ten years any unexpended monies shall be put in
18 the school plant fund for use as prescribed in this section.

19 G. Proceeds from sales by condemnation or sales under threat of
20 condemnation may be deposited with the county treasurer for deposit in the
21 condemnation fund or the school plant fund of the school district. The
22 condemnation fund is a continuing fund not subject to reversion, except that
23 after ten years any unspent monies shall be placed in the school plant fund
24 to be used as prescribed in this section. The governing board, or the
25 superintendent or chief administrative officer with the approval of the
26 governing board, may apply the proceeds in the condemnation fund to:

27 1. The payment of any outstanding bonded indebtedness of the school
28 district which is payable from the levy of taxes upon property within the
29 school district.

30 2. Construct, acquire, improve, repair or furnish school facilities or
31 sites after notice and a hearing.

32 H. Proceeds from a right-of-way settlement shall be deposited with the
33 county treasurer for deposit in the condemnation fund of the school district.
34 The governing board, or the superintendent or chief administrative officer
35 with the approval of the governing board, shall apply such proceeds in the
36 condemnation fund to construct, acquire, improve, repair or furnish school
37 facilities or sites after notice and a hearing.

1 I. For **THE** purposes of this section, "capital outlay" means
2 unrestricted capital outlay as prescribed in section 15-903, subsection C.

3 Sec. 4. Saving clause

4 This act does not affect any special budget overrides pursuant to
5 section 15-482, Arizona Revised Statutes, that were approved by the qualified
6 electors of a school district before the effective date of this act. Special
7 budget overrides pursuant to section 15-482, Arizona Revised Statutes, that
8 were approved by the qualified electors of a school district before the
9 effective date of this act shall continue for the duration previously
10 authorized by the qualified electors or until the qualified electors of the
11 school district subsequently approve a budget increase in an amount of not
12 more than fifteen per cent of the revenue control limit as prescribed in
13 section 15-481, subsection G, Arizona Revised Statutes, as amended by this
14 act, whichever occurs first.

15 Sec. 5. Override election procedures for fiscal year 2009-2010

16 Notwithstanding any other law, for fiscal year 2009-2010:

17 1. A school district may conduct an election on the second Tuesday in
18 March 2010 to submit a proposed budget increase to the qualified electors in
19 an amount of not more than fifteen per cent of the revenue control limit as
20 prescribed in section 15-481, subsection G, Arizona Revised Statutes, as
21 amended by this act. Override elections conducted in subsequent fiscal years
22 shall be as prescribed by statute. An increase of not more than fifteen per
23 cent that is subsequently approved by the qualified electors of the school
24 district shall replace any previously authorized increases approved by the
25 qualified electors pursuant to section 15-481, subsection E or F, Arizona
26 Revised Statutes, and section 15-482, Arizona Revised Statutes.

27 2. If the qualified electors in a school district approve a proposed
28 budget increase in an amount of not more than ten per cent of the revenue
29 control limit in an election conducted on the first Tuesday in November 2009,
30 the school district may subsequently conduct an election on the second
31 Tuesday in March 2010 to submit to the qualified electors a proposed budget
32 increase in an amount of not more than an additional five per cent of the
33 revenue control limit. Override elections conducted in subsequent fiscal
34 years shall be as prescribed by statute.

35 3. If the qualified electors of a common school district have
36 approved both a budget increase that is still in effect on the effective date
37 of this act pursuant to section 15-481, subsection E or F, Arizona Revised

1 Statutes, and a budget increase that is still in effect on the effective date
2 of this act pursuant to section 15-482, Arizona Revised Statutes, the common
3 school district may call an election on the second Tuesday in March 2010 to
4 submit to the qualified electors a proposed budget increase in an amount of
5 not more than seventeen per cent of the revenue control limit. An increase
6 of not more than seventeen per cent that is subsequently approved by the
7 qualified electors of the school district shall replace any previously
8 authorized increases approved by the qualified electors pursuant to section
9 15-481, subsection E or F, Arizona Revised Statutes, and section 15-482,
10 Arizona Revised Statutes. If approved by the qualified electors, the common
11 school district may continue to budget the amount of not more than seventeen
12 per cent of the revenue control limit for the remaining number of years of
13 the override previously approved pursuant to section 15-482, Arizona Revised
14 Statutes. On the expiration of the override previously approved pursuant to
15 section 15-482, Arizona Revised Statutes, override elections conducted in
16 subsequent fiscal years shall be as prescribed by statute."

17 Amend title to conform

and, as so amended, it do pass

JOHN KAVANAGH
Chairman

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